



# Rhode Island Department of Revenue

## Division of Taxation

ADV 2024-12  
Tax Administration

ADVISORY FOR TAXPAYERS AND TAX PROFESSIONALS  
March 7, 2024

### **RI Pass-through Tax Form Changes & Procedural Updates**

PROVIDENCE, R.I. – The Rhode Island Division of Taxation continues its efforts to streamline filing requirements for both taxpayers and tax preparers. As part of this process, updates continue to be made to the filing of pass-through withholding. For tax year 2023, the Schedule PTW or the Schedule PTW-1041 will replace the discontinued RI-1096PT as part of the phase-out of the RI-1096PT form series.<sup>1</sup>

Statutory mandates require that all pass-through entities doing business in Rhode Island, or having income derived from or connected with sources within Rhode Island, pay Rhode Island income tax on behalf of nonresident members.<sup>2</sup> The nonresident member claims withholding in the same manner in which an employee claims withholding remitted by their employer on the wages they earn.

As part of overall modernization efforts, the Division has transformed the RI-1096PT into two pass-through schedules. The Schedule PTW will be included with the RI-1120S or RI-1065, and the Schedule PTW-1041 will be included with the RI-1041, depending on the entity type.

The changes have already been underway, with the RI-1096PT-ES being phased out in January 2023. Taxpayers instead used either the BUS-EST tax form or the RI-1041ES to make these estimates.

#### **Impact**

By converting the pass-through withholding filing to a schedule required to be attached to the entity or fiduciary return, rather than a stand-alone form, taxpayers will be able to more easily and accurately file their tax returns. This change also leverages commercial software that taxpayers already use to file their return. Additionally, taxpayers who may not have been aware of the pass-through withholding statute, will be more easily able to comply, as they will now have the schedule included with their returns. Taxpayers can remain assured that this change will streamline filings. The schedules will have a similar look and feel to the retired RI-1096PT, and its addition to entity level filings will provide a more intuitive filing experience than the stand-alone form process.

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<sup>1</sup> RI-1096PT form series includes the following forms:

- RI-1096PT form (with instructions)
- RI-1096PT-ES – estimated payment coupon
- RI-2210PT – underestimating form
- RI-1096V – payment voucher
- RI-4868PT – extension request
- RI-1099PT – pass-through withholding reporting form

<sup>2</sup> [R.I. Gen. Laws § 44-11-2.2](#).

Another benefit of the conversion of pass-through filing to the Schedule PTW or the Schedule PTW-1041 is that the entity or fiduciary may file pass-through information as part of its return through tax preparation software.<sup>3</sup>

The filing of a RI-1065/1120S or the RI-1041 with the Schedule PTW or the Schedule PTW-1041 does not allow for excess withholding to be claimed by a nonresident member or beneficiary. Any excess payments may be refunded to the entity or trust and/or may be a carryforward to the following tax year.

Statute requires the pass-through entity to make pass-through withholding payments on behalf of its nonresident members.<sup>4</sup> An individual nonresident member cannot remit additional payments in lieu of the pass-through entity making pass-through withholding payments.

As the Division finalizes this transition, more information will be made available to taxpayers and tax preparers. All information and updates will be posted on the Division's website: <https://tax.ri.gov/>.

Any questions or concerns regarding the Schedule PTW or Schedule PTW-1041 should be directed to the Division's Corporate Income Tax Section by email at: [Tax.Corporate@tax.ri.gov](mailto:Tax.Corporate@tax.ri.gov) or by phone between 8:30 a.m. and 3:30 p.m. business days at: (401) 574-8829, option #6 or the Division's Personal Income Tax Section by email at: [Tax.Assist@tax.ri.gov](mailto:Tax.Assist@tax.ri.gov) or by phone between 8:30 a.m. and 3:30 p.m. business days at: (401) 574-8829, option #3.

See the following pages for a Schedule PTW overview.

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<sup>3</sup> Software vendors may choose which forms to support. Not all vendors provide software that supports all Rhode Island forms. To determine if your filing needs are met by a specific software, check the Division's list of [approved software vendors](#).

<sup>4</sup> [R.I. Gen. Laws 44-11-2.2\(b\)](#).

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*The Rhode Island Division of Taxation, part of the Rhode Island Department of Revenue, is open to the public from 8:30 a.m. to 3:30 p.m. business days. For more information, contact the Division of Taxation at (401) 574-8829 or see <https://tax.ri.gov/about-us/contact-us>.*

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# Overview

- A. Taxpayers filing Form RI-1065 or Form RI-1120S would attach RI Schedule PTW to their return.

The transition from Form RI-1096PT to the RI Schedule PTW includes changes intended to bring clarity and consistency to withholding.

The changes in lines one through three (indicated by “{”, right) make it easier to identify the correct line items for pass-through income reporting.

State of Rhode Island Division of Taxation  
**2023 RI Schedule PTW**  
 Pass-through Withholding Transmittal Schedule

23114099990101

Name \_\_\_\_\_ Federal employer identification number \_\_\_\_\_

Cannot distribute due to Federal or State restrictions (see instructions)     Income is exempt from tax     Members with less than \$1,000 in RI source income (see instructions)

All nonresident income reported on Form RI-1040C - Composite Income Tax Return     A PTE election was made for all individual members and Form RI-PTE was filed for the taxable year.

**Part A - Nonresident Rhode Island Source Income Calculation**

1	Apportioned Rhode Island taxable income from RI-1065, line 6 or RI-1120S, line 6.....	1	
2	Profit percentage or current year allocation percentage of ALL members/partners that are nonresidents.....	2	
3	Rhode Island source income of ALL nonresident members (multiply line 1 by line 2).....	3	

**Part B - Pass-through Withholding Calculation**

	Column A C Corporations only	Column B Sub S Corps, Individuals, LLCs, Partnerships & Trusts	
4	Rhode Island source income of nonresident members by entity type..... 4a	4b	
5	Rhode Island source income of nonresident members that cannot be distributed to Federal or State restrictions..... 5a	5b	
6	Rhode Island source income of nonresident members exempt from tax..... 6a	6b	
7	Rhode Island source income of those nonresident members with income of less than \$1,000 net of modifications (attach schedule)..... 7a	7b	
8	Rhode Island source income of nonresident reported on Form RI-1040C..... 8a	8b	
9	Rhode Island source income of nonresident members reported on Form RI-PTE..... 9a	9b	
10	Rhode Island source income of nonresident members subject to PT withholding (For Column A, subtract 5a - 9a from 4a; For Column B, subtract 5b - 9b from 4b)..... 10a	10b	
11	Rhode Island nonresident pass-through withholding rate..... 11a	11b	
		7.0%	5.99%
12	Rhode Island pass-through withholding. For each col. multiply line 10 by line 11... 12a	12b	
13	TOTAL Rhode Island pass-through withholding due. Add lines 12a and 12b. Enter here and on Form RI-1065, line 7c, or Form RI-1120S, line 7c..... 13		

New 08/2023

State of Rhode Island Division of Taxation  
**2023 RI Schedule PTW - 1041**  
 Pass-through Withholding Transmittal Schedule

23106399990101

Name \_\_\_\_\_ Federal employer identification number \_\_\_\_\_

Cannot distribute due to Federal or State restrictions (see instructions)     Income is exempt from tax     Members with less than \$1,000 in RI source income (see instructions)

All nonresident income reported on Form RI-1040C - Composite Income Tax Return     A PTE election was made for all individual members and Form RI-PTE was filed for the taxable year.

**Part A - Nonresident Rhode Island Source Income Calculation**

1	Income distribution deduction from Federal Form 1041, line 18.....	1	
2	Rhode Island source income included in the amount on line 1.....	2	
3	Nonresident portion of Rhode Island source income included in the amount on line 2.....	3	

**Part B - Pass-through Withholding Calculation**

	Column A C Corporations only	Column B Sub S Corps, Individuals, LLCs, Partnerships & Trusts	
4	Rhode Island source income of nonresident members by entity type..... 4a	4b	
5	Rhode Island source income of nonresident members that cannot be distributed to Federal or State restrictions..... 5a	5b	
6	Rhode Island source income of nonresident members exempt from tax..... 6a	6b	
7	Rhode Island source income of those nonresident members with income of less than \$1,000 net of modifications (attach schedule)..... 7a	7b	
8	Rhode Island source income of nonresident reported on Form RI-1040C..... 8a	8b	
9	Rhode Island source income of nonresident members reported on Form RI-PTE..... 9a	9b	
10	Rhode Island source income of nonresident members subject to PT withholding (For Column A, subtract 5a - 9a from 4a; For Column B, subtract 5b - 9b from 4b)..... 10a	10b	
11	Rhode Island nonresident pass-through withholding rate..... 11a	11b	
		7.0%	5.99%
12	Rhode Island pass-through withholding. For each col. multiply line 10 by line 11... 12a	12b	
13	TOTAL Rhode Island pass-through withholding due. Add lines 12a and 12b. Enter here and on Form RI-1041, line 14d..... 13		

New 08/2023

- B. Taxpayers filing Form RI-1041 would attach RI Schedule PTW-1041 to their return.

For example, Fiduciaries, including Trusts and Estates who file Form RI-1041 would use RI Schedule PTW-1041.

C. The updates to the RI Schedule PTW and the RI Schedule PTW-1041 were made to allow for the electronic filing of the pass-through withholding through a schedule incorporated into the primary entity filing. This change also may shorten preparation time as line items populate from the primary form, and demographic information on the filer and preparer do not need to be repeated.

- Lines 7a-7c on RI Form RI-1065 and RI Form RI-1120S. Line 7c populates from Schedule PTW:

7a Rhode Island Annual Fee - \$400.00.....	7a		
b Jobs Growth Tax.....	7b		
c RI Pass-through Withholding from RI Schedule PTW, line 13.....	7c		
d RESERVED FOR FUTURE USE.....	7d		


- Lines 14a-14d on RI-1041. Line 14d populates from Schedule PTW-1041:

14a Rhode Island income tax after Rhode Island credits. Subtract line 13 from line 10 (not less than zero) .....	14a		
b Recapture of Prior Year Other Rhode Island Credits from RI Schedule CR, line 12.....	14b		
c Electing Small Business Trust Tax (see instructions).....	14c		
d RI Pass-Through Withholding from RI Schedule PTW - 1041, line 13.....	14d		
e Reserved for future use.....	14e		
f TOTAL RHODE ISLAND TAX AND WITHHOLDING. Add lines 14a through 14e.....	14f		

D. Additionally, all withholding will now be reflected on the RI Schedule K-1, as the RI Schedule PTW/PTW-1041 change eliminates the need for the Form RI-1099PT.

Section IV (indicated by “{”, right) is the section containing the information to be included from the entity’s PTW. The taxpayer then uses this information provided on the RI Schedule K-1 to complete the RI-1040.

State of Rhode Island Division of Taxation  
**RI Schedule K-1 - 2023**  
 Taxpayer's Share of Income, Deductions, Credits, Etc.



IMAGEONLY

ENTITY INFORMATION	TAXPAYER INFORMATION
Federal identification number:	Taxpayer identification number:
<b>SECTION IV - RI SCHEDULE PTW INFORMATION</b>	
1 Rhode Island source income included on RI Schedule PTW - Pass-through Withholding Transmittal Schedule as part of Form RI-1120S, RI-1065, or RI-1041.....	1 _____
2 Pass-through withholding payment made on taxpayer's behalf .....	2 _____
<b>SECTION V - COMPOSITE FILING INFORMATION</b>	
1 Rhode Island source income included on composite filing .....	1 _____
2 Composite payment made on taxpayer's behalf .....	2 _____
<b>SECTION VI - RI-PTE PASS-THROUGH ENTITY ELECTION INFORMATION</b>	
1 Rhode Island source income included on Pass-through Entity Election Tax Return.....	1 _____
2 Pass-through entity election tax paid on taxpayer's behalf on Form RI-PTE.....	2 _____
<b>SECTION VII - TAXPAYER'S CREDIT BREAKDOWN</b>	
1 RI-2276 - Tax Credit for Contributions to Qualified Scholarship Organization - R.I. Gen. Laws § 44-62 .....	1 _____
2 RI-286B - Historic Preservation Investment Tax Credit - R.I. Gen. Laws § 44-33.2 and Historic Preservation Tax Credits 2013 - R.I. Gen. Laws § 44-33.6 .....	2 _____
3 RI-5442 - Low-Income Housing Tax Credit - R.I. Gen. Laws § 44-71 .....	3 _____
4 RI-6754 - Rhode Island New Qualified Jobs Incentive Act 2015 - R.I. Gen. Laws § 44-48.3 .....	4 _____
5 RI-7253 - Rebuild Rhode Island Tax Credit - R.I. Gen. Laws § 42-64.20 .....	5 _____
6 RI-8201 - Motion Picture Production Company Tax Credit - R.I. Gen. Laws § 44-31.2 and Musical and Theatrical Production Tax Credits - R.I. Gen. Laws § 44-31.3 .....	6 _____